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INFO AMEMBASSY BELGRADE
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C O N F I D E N T I A L SECTION 1 OF 5 MOSCOW 4443

E.O. 11652: GDS
TAGS: PFOR, UR, US, AMGT
SUBJECT: PARM--ANNUAL POLICY AND RESOURCE ASSESSMENT--PART I

REF: (A) CERP 0001, (B) STATE 38356

1. BASIC INTERESTS. WE BASE OUR ASSESSMENT OF U.S. POLICY
TOWARD THE SOVIET UNION ON THE THREE FUNDAMENTAL GOALS OF
THE ADMINISTRATION'S FOREIGN POLICY CITED BY THE PRESIDENT
IN HIS MARCH 17 ADDRESS AT THE UN:

--TO MAINTAIN PEACE AND TO REDUCE THE ARMS RACE;
--TO HELP BUILD A BETTER AND MORE COOPERATIVE INTER-
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NATIONAL ECONOMIC SYSTEM;
--TO WORK WITH POTENTIAL ADVERSARIES AS WELL AS WITH
OUR FRIENDS TO ADVANCE THE CAUSE OF HUMAN RIGHTS.

2. IN THE LIGHT OF THESE BROAD GOALS, WE BELIEVE OUR
FUNDAMENTAL INTERESTS VIS-A-VIS THE USSR ARE TO:
--MINIMIZE THE CHANCES OF ARMED CONFLICT WITH THE

SOVIET UNION, IN THE FIRST INSTANCE BY CONTROLLING THE WEAPONS OF WAR;

--UTILIZE THE LEVERAGE AVAILABLE TO US TO CHANNEL SOVIET POWER INTO MORE RESPONSIBLE AND CONSTRUCTIVE INTERNATIONAL APPLICATIONS, WITH RESPECT TO CONFLICT SITUATIONS IN THIRD AREAS, AS WELL AS IN MULTILATERAL COOPERATION AND BILATERALLY;

--CONSONANT WITH OUR OVERALL CONCERN FOR HUMAN RIGHTS, TO ENCOURAGE THE USSR'S EVOLUTION TOWARD MORE REGARD FOR HUMAN RIGHTS IN THE SOVIET UNION AND EASTERN EUROPE.

3. POLITICAL ENVIRONMENT OVER THE NEXT TWO YEARS. THE DOMINATING FACTOR IN THE POLITICAL ENVIRONMENT FOR OUR POLICY IN THE NEXT TWO YEARS WILL CONTINUE TO BE THE SOVIET LEADERSHIP'S DEEPLY-ROOTED INTERESTS, EVEN IF POLITICAL SUCCESSION COMMENCES DURING THIS TIME. THESE FUNDAMENTAL INTERESTS, SHAPED BY IDEOLOGY AS WELL AS BY THE USSR'S UNIQUE HISTORY AND CULTURE, ARE TO:

--CONTINUE THE DEVELOPMENT OF THE SOVIET UNION IN TERMS OF NATIONAL POWER, EMPHASIZING THE BUILDING OF "FULL COMMUNISM" IN THE USSR AND ITS "SOCIALIST" ALLIES, PRIMARILY BY ECONOMIC GROWTH AND QUALITATIVE IMPROVEMENT WHICH IMPLIES DRAWING HEAVILY UPON WESTERN TECHNOLOGY;

--ASSIST THE "WORLD REVOLUTIONARY PROCESS," PRIMARILY BY SUPPORTING NATIONAL LIBERATION MOVEMENTS, AIDING THIRD WORLD NATIONS WITH A "SOCIALIST ORIENTATION" CONFIDENTIAL

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OR THOSE OF STRATEGIC INTEREST TO THE USSR, AND AIDING NON-RULING CP'S WHICH SHARE MOSCOW'S WORLD VIEW; AND

--MAINTAIN "PEACEFUL COEXISTENCE" BETWEEN STATES WITH DIFFERING SOCIAL SYSTEMS.

4. THE SOVIETS WILL CONTINUE THEIR PRESENT POSTURE OF BEING THE PRAGMATIC INTERLOCUTOR BUT IDEOLOGICAL ADVERSARY OF THE U.S.: THEIR POLICY WILL BE GOVERNED BY THE CONCEPT OF "PEACEFUL COEXISTENCE," WHICH REFERS TO A RELATIONSHIP OF ANTAGONISTIC "CLASS STRUGGLE" STOPPING SHORT OF MILITARY CONFLICT, THANKS PRIMARILY (FROM MOSCOW'S PERSPECTIVE) TO THE STRENGTH OF THE USSR AND ITS ALLIES. THE SOVIETS WILL CALL FOR "RELAXATION OF INTERNATIONAL TENSION" WITH THE U.S., BUT AT THE SAME TIME, WHEN THEY DEEM OTHER INTERESTS TO BE OVERRIDING OR WHEN THEY PERCEIVE TARGETS OF OPPORTUNITY, THEY WILL NOT BE TIMID ABOUT PURSUING DOMESTIC OR FOREIGN POLICIES THAT GENERATE U.S.-SOVIET TENSION.

5. KEY VARIABLES IN THE POLITICAL ENVIRONMENT. THE MAJOR VARIABLE WITHIN THE USSR IS, OF COURSE, POLITICAL SUCCESSION, WHICH DEPENDS LARGELY UPON BREZHNEV'S PHYSICAL HEALTH. IN HIS MOST RECENT APPEARANCES HE HAS SEEMED MORE FRAIL THAN HE DID IN LATE 1976, WHEN HE APPEARED TO BE IN RELATIVELY GOOD SHAPE FOR A MAN OF 70. IN ANY CASE, WE DOUBT THAT BREZHNEV'S PASSING FROM THE POLITICAL STAGE WILL RESULT IN DRAMATIC CHANGES IN POLICY. A GREAT DEAL MORE HARMONY NOW SEEMS TO EXIST BETWEEN BREZHNEV AND CPSU APPARATUS THAN EXISTED BETWEEN KHRUSHCHEV AND THE PARTY PROFESSIONALS AT THE TIME OF KHRUSHCHEV'S OUSTER. THEREFORE, FOLLOWING AN INITIAL POST-SUCCESSION PERIOD OF HIATUS AND INDECISION, WE WOULD EXPECT BREZHNEV'S PASSING TO INVOLVE LESS CHANGE IN SOVIET POLICY THAN TRANSPIRED WHEN KHRUSHCHEV LEFT THE SCENE. (EVEN THEN, THE MOST SIGNIFICANT CHANGES WERE IN DOMESTIC RATHER THAN FOREIGN POLICY.) AS NOTED IN MOSCOW 1542, THE WORST
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CASE PROBABLY WOULD INVOLVE A STRONGER VOICE FOR PARTY IDEOLOGUES, THE MILITARY AND THE KGB. THE BEST CASE WOULD FEATURE A STRONGER VOICE FOR RELATIVELY NON-IDEOLOGICAL TECHNOCRATS WHO PERCEIVE A NEED TO INCREASE IMPORTS OF TECHNOLOGY, WHO UNDERSTAND THE ECONOMIC AND NATIONAL SECURITY BENEFITS OF ARMS LIMITATION, AND WHO ARE RELATIVELY MORE INCLINED TO DEFER OR DE-EMPHASIZE POLICIES WHICH WOULD INCREASE EAST-WEST TENSION. WHATEVER THE ULTIMATE OUTCOME OF A LEADERSHIP TRANSITION, HOWEVER, WE SHALL PROBABLY FACE A PERIOD OF RIGIDITY IN SOVIET FOREIGN POLICY WHILE THE LEADERSHIP SORTS ITSELF OUT. WITH THIS PROSPECT LYING AHEAD THERE WILL BE A DISTINCT ADVANTAGE IN RESOLVING AS MANY CONTENTIOUS ISSUES AS WE RESPONSIBLY CAN IN ADVANCE OF THE INEVITABLE, IF UNPREDICTABLE, ONSET OF THE TRANSITION.

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R 021045Z APR 77

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 5809

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6. THE KEY EXTERNAL VARIABLES IN THE POLITICAL ENVIRONMENT WILL BE:

--SALT AND ARMS CONTROL, WITH SALT DEVELOPMENTS DOMINATING OVERALL SOVIET-AMERICAN RELATIONS IN THE COMING TWO YEARS. MBFR, CW, CTB, INDIAN OCEAN RESTRAINT AND NON-PROLIFERATION ISSUES WILL PLAY A LESSER BUT STILL IMPORTANT ROLE. THE DEGREE OF PROGRESS ON SALT WILL LARGELY DETERMINE PROGRESS ON OTHER ARMS CONTROL ISSUES AND ON THE OVERALL RELATIONSHIP; WHILE THE EIGHT WORKING GROUPS ESTABLISHED DURING SECRETARY VANCE'S RECENT VISIT SHOULD SERVE TO EXPLORE NON-SALT ISSUES IN GREATER DETAIL.

--EAST-WEST RELATIONS IN EUROPE: CSCE, BERLIN, FRG-GDR RELATIONS AND OVERALL WESTERN TIES WITH NON-SOVIET EAST EUROPEAN STATES (POST-TITO YUGOSLAVIA ABOVE ALL) WILL BE AT CENTER STAGE IN THE COMING MONTHS,
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PRIMARILY AS POTENTIAL TROUBLE SPOTS;

--MIDDLE EAST: GIVEN THE INSTABILITY OF THE PRESENT NO-WAR NO-PEACE SITUATION, MAJOR DEVELOPMENTS PROMISE TO TEST THE STRENGTH OF OUR RELATIONSHIP WITH THE SOVIETS IN THIS TROUBLED AREA. ELSEWHERE IN THE EASTERN MEDITERRANEAN, THERE IS A FAIR CHANCE THAT THE INSTABILITY ON CYPRUS AND TENSIONS BETWEEN GREECE AND TURKEY WILL HAVE AN IMPACT ON SOVIET-AMERICAN RELATIONS.

--BILATERAL ISSUES: ASIDE FROM SALT AND HUMAN RIGHTS (TREATED SEPARATELY BELOW), THESE ARE MAINLY IN THE ECONOMIC AREA. SOME OF THESE, SUCH AS MARITIME AND CIVIL AIR RELATIONS, ARE ISSUES WHERE WE HAVE BEEN OBLIGED TO STRUGGLE HARD TO EARN A FAIR SHARE OF THE MARKET FOR AMERICAN BUSINESS.

WE HAVE JUST REACHED A MODUS VIVENDI ON MARITIME

AFFAIRS WHICH, IF FAITHFULLY IMPLEMENTED, WILL OBLIGE THE SOVIETS TO COMPLY WITH TERMS OF THE DECEMBER 1975 BILATERAL MARITIME AGREEMENT. PROSPECTS FOR A CIVIL AVIATION AGREEMENT ARE STILL UNCERTAIN FOLLOWING RECENT TALKS IN MOSCOW. IN ALL TRANSPORTATION ISSUES THE SOVIET POSITIONS REFLECT A STRONG DESIRE TO USE INVISIBLES TO IMPROVE THE ADVERSE CONVERTIBLE CURRENCY PAYMENTS POSITION OF THE USSR. IN VIEW OF THIS COMPELLING FACT, WE CAN EXPECT HARD BARGAINING IN THIS AREA IN THE YEARS AHEAD.

MUCH MORE CRITICAL IN OUR BILATERAL RELATIONSHIP, HOWEVER, IS HOW WE DEAL WITH THE LEGISLATIVE RESTRICTIONS ON TRADE CONTAINED IN THE JACKSON/VANIK AMENDMENT TO THE TRADE ACT OF 1974. OTHER KEY ELEMENTS IN OUR BILATERAL RELATIONSHIP PERMITTING (E.G., PROGRESS ON ARMS CONTROL, A SATISFACTORY LEVEL OF SOVIET EMIGRATION, AND SUFFICIENT MOVEMENT ON HUMAN RIGHTS), MODIFICATION OF THIS LEGISLATION TO FACILITATE IMPLEMENTATION OF THE 1972 U.S.-SOVIET TRADE AGREEMENT WILL BE AN IMPORTANT TOUCHSTONE IN OUR BILATERAL RELATIONSHIP. IF WE SHOULD SUCCEED IN DOING SO, WE WOULD HAVE CREATED A SHORT RUN ASSET OF GOOD WILL

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AND LONGER TERM BENEFITS FOR OURSELVES BOTH IN TERMS OF EXPORTS, PROFITS AND JOBS ON THE ONE HAND AND--PERHAPS MORE IMPORTANTLY--IN OUR CAPACITY TO EXERT A POSITIVE INFLUENCE ON SOVIET BEHAVIOR TO ACHIEVE THE GOALS OF THE AMENDMENT.

--AFRICA: SOVIET SUPPORT FOR ARMED STRUGGLES IN SOUTHERN AFRICA IS ALREADY A COMPLICATING FACTOR. THE HORN OF AFRICA IS ANOTHER AREA IN WHICH BOTH THE USSR AND THE U.S. HAVE INTERESTS WHICH MAY CONFLICT, AND TARGETS OF OPPORTUNITY FOR THE SOVIET IN OTHER PARTS OF AFRICA WILL UNDOUBTEDLY ARISE.

--SOME LESSER VARIABLES: OTHER DEVELOPMENTS WHICH, IN OUR OPINION, WILL HAVE A LESS FORCEFUL IMPACT ON U.S.-SOVIET RELATIONS, ALTHOUGH THEIR INTRINSIC IMPORTANCE MAY BE HIGH, DESERVE BRIEF MENTION. WE DO NOT ANTICIPATE ANY MAJOR CHANGE IN SINO-SOVIET RELATIONS WHICH WOULD CAUSE THAT CONSTANT FACTOR IN OUR RELATIONS TO CHANGE DRAMATICALLY, NOR DO WE SEE NON-PRC ASIA PLAYING A MAJOR ROLE IN THIS POST-VIETNAM PERIOD (EVEN WITH THE RECENT POLITICAL CHANGES IN INDIA). THE DEVELOPING NORTH-SOUTH DIALOGUE SHOULD TAKE SOME TIME TO SORT ITSELF OUT, PARTICULARLY WITH RESPECT TO THE SOVIET ROLE THEREIN. AS THIS PROCESS MOVES ALONG, WE THINK THE ISSUE WILL GAIN IN IMPORTANCE, BUT FOR THE SHORT TERM IT SHOULD CONTINUE TO BE A MINOR FACTOR. FINALLY, IN LATIN AMERICA WE THINK OUR BILATERAL RELATIONS WILL BE AFFECTED MOSTLY BY THE SUCCESS OR FAILURE OF THE U.S. TO MAINTAIN ITS

TRADITIONAL ROLE IN THE AREA, MORE THAN BY ANY SOVIET
MOVES. HOWEVER, THE SOVIETS WILL PROBABLY CONTINUE TO
SEEK TARGETS OF OPPORTUNITY--SUCH AS THEY HAVE FOUND IN
PERU--AND TO TEST US IN REGIONS WHERE THEY CAN EXPLOIT
INSTABILITY TO LESSEN OUR INFLUENCE. CUBA'S COMBAT-TESTED
FORCES UTILIZED IN THE SERVICE OF SOVIET INTERESTS
ARE A NEW FACTOR WHICH MUST BE KEPT IN MIND.

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7. IN SHORT, THE CRITICAL EXTERNAL VARIABLE IS SALT,
WITH FLARE-UPS ON OTHER ISSUES POSSIBLE BUT NOT
PREDICTABLE AT THIS TIME. U.S. TRADE RESTRICTIONS WILL
CONTINUE TO BE AN IRRITANT, AND USG ACTIONS TO ELIMINATE
THESE RESTRICTIONS AND ENACT THE 1972 TRADE AGREEMENT
WILL BE REGARDED BY THE SOVIETS AS A KEY INDICATOR OF
OVERALL ADMINISTRATION POLICY TOWARD THE USSR.

8. THE INTERFACE: OUR INTERESTS AND THEIRS. THE
ESSENTIALLY DIFFERENT HISTORIES AND WORLD OUTLOOKS OF
OUR TWO SOCIETIES WILL CONTINUE TO DICTATE A RELATIONSHIP
OF MUTUAL ANTAGONISM AND COMPETITION, WITH AREAS OF UN-

AMBIGUOUS AGREEMENT REMAINING THE EXCEPTION RATHER THAN
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THE RULE. COMPARISON OF OUR BASIC INTERESTS AND THEIRS
MAKES THIS CLEAR, AND INDICATES THE BROAD CONTOURS AND
BOUNDARIES OF THE ENVIRONMENT FOR OUR POLICY TOWARD THE
USSR OVER THE NEAR TERM.

--THE BEST FIT BETWEEN OUR INTERESTS IS IN THE
AREA OF MAINTAINING PEACE AND REDUCING THE ARMS RACE,
TOGETHER WITH THE OPPORTUNITY TO STRENGTHEN BILATERAL ECONOMIC
AND COMMERCIAL RELATIONS, BUT THE HISTORY OF SALT,
REGIONAL PROBLEMS IN THE MIDDLE EAST AND
AFRICA, AND THE JACKSON-VANIK AMENDMENT ILLUSTRATE THE
DIFFICULTY OF TRANSLATING COMMON INTEREST INTO EFFECTIVE
COOPERATION AND FORMAL AGREEMENT;

--SOVIET INVOLVEMENT IN ANGOLA SUGGESTS HOW
LIMITED OUR LEVERAGE CAN BE IN ATTEMPTING TO DETER
SOVIET BEHAVIOR THAT WE CONSIDER IRRESPONSIBLE BUT THEY
VIEW AS FURTHERING THEIR OWN INTERESTS; SOVIET ATTITUDES
TOWARD THE THIRD WORLD AND INTERNATIONAL COOPERATION
GENERALLY ARE DEEPLY COLORED BY THE UNIQUE SOVIET CON-
CEPTION OF THE DIRECTION AND MOTIVE FORCES OF WORLD
POLITICS (FROM "IMPERIALISM" TO "SOCIALISM" AND COMMUNISM,
VIA THE WORLD REVOLUTIONARY PROCESS," WITH THE USSR IN THE
VANGUARD); IN SHORT, MODERATING SOVIET INTERNATIONAL
BEHAVIOR IS A COMPLICATED PROPOSITION, WITH A LONG-
TERM PAYOFF DEPENDENT LARGELY ON U.S. CONSISTENCY IN
WORKING TO REALIZE THIS OBJECTIVE;

--STILL MORE DIFFICULT IS REALIZATION OF OUR
INTEREST IN FURTHERING THE CAUSE OF HUMAN RIGHTS IN THE
USSR AND EASTERN EUROPE; THE SOVIET LEADERSHIP'S CON-
CEPTION OF HUMAN RIGHTS IS SO RADICALLY DIFFERENT FROM
OUR OWN THAT THEY MAY GENUINELY BELIEVE THAT THEIR RECORD
IN THIS FIELD IS SUPERIOR TO OURS, AND THAT THEIR MODEL,
NOT OURS, SHOULD BE EMULATED THROUGHOUT THE WORLD.
EXPERIENCE HAS SHOWN THAT A FORMAL LINKAGE BETWEEN
HUMAN RIGHTS AND TRADE HAS SERVED OUR INTERESTS IN
NEITHER AREA, ALTHOUGH THE LATTER MAY OVER TIME CREATE
CONDITIONS WHERE IT CAN BE EMPLOYED SUBTLY TO SUPPORT
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OUR HUMANITARIAN AIMS.

8. OBJECTIVES AND COURSES OF ACTION. OUR PRIME OBJECTIVE
IN PURSUING OUR FIRST BASIC INTEREST, THAT OF REDUCING
THE LIKELIHOOD OF ARMED CONFLICT WITH THE SOVIET UNION,

IS TO REGULARIZE, CONTROL AND, IF POSSIBLE, REDUCE ARMAMENTS
COMPETITION. WE SHOULD ALSO WORK TO MINIMIZE
U.S.-SOVIET MISUNDERSTANDING IN OTHER AREAS OF POLICY
THROUGH FREQUENT AND DETAILED CONSULTATIONS AT ALL LEVELS.
IN ADDITION TO OUR RESPECTIVE EMBASSIES, THIS PROCESS
SHOULD INVOLVE VISITS TO MOSCOW AND WASHINGTON BY SENIOR
WORKING-LEVEL AND POLICY-LEVEL OFFICIALS, MILITARY AS WELL AS CIVIL-
IAN. IT SHOULD

ALSO INVOLVE EXPANSION OF U.S.-SOVIET CONSULTATIONS AT
MAJOR INTERNATIONAL CONFERENCE SITES- GENEVA, VIENNA,
LONDON AND NEW YORK. IN PARTICULAR;

--SALT II, WHICH FOR BETTER OR WORSE HAS BECOME
THE TOUCHSTONE OF THE CURRENT PHASE IN OUR RELATIONSHIP,
SHOULD BE CONCLUDED AS RAPIDLY AS IS PRACTICABLE. AGREEMENT
ON SALT II SHOULD HAVE A BENEFICIAL EFFECT UPON
OTHER ASPECTS OF THE RELATIONSHIP.

--FOLLOWING SALT II WE SHOULD MOVE DIRECTLY TO
SALT III TO CONTINUE TO WORK ON THOSE ISSUES WHICH MAY HAVE BEEN
SET ASIDE IN SALT II. HOWEVER, WE SHOULD TRY NOT TO LET SALT
III DOMINATE THE U.S.-SOVIET AGENDA AS HAS BEEN THE
CASE WITH SALT II.

--AS INDICATED, WE SHOULD TAKE STEPS WITH CONGRESS
WHICH CAN PUT US IN POSITION BETTER TO TAKE ADVANTAGE
OF OUR MUTUAL INTEREST IN THE DEVELOPMENT OF TRADE. IT
SHOULD BE POINTED OUT TO CONGRESSIONAL LEADERS THAT WE
WILL NOT BE ABLE TO PROMOTE EMIGRATION OR HUMAN RIGHTS
BY LINKING THEM DIRECTLY TO COMMERCIAL ADVANTAGES IN
THE TRADE AGREEMENT. THESE ADVANTAGES, THOUGH DESIRED
BY THE SOVIET SIDE, WILL BE A BETTER POLICY INSTRUMENT
IF GRANTED ON A REVOCABLE BASIS. BY GRANTING REVOCABLE
MOST-FAVORED-NATION CLAUSE TREATMENT TO THE USSR, WE COULD
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ESTABLISH A SOVIET INTEREST IN THE U.S. MARKET WHICH
WOULD ENABLE US DISCREETLY AND IN A LIMITED WAY TO USE
TRADE ON BEHALF OF OUR HUMANITARIAN GOALS. THIS COULD
BE DONE BY MODIFYING THE JACKSON-VANIK PROVISIONS FOR
MFN SO AS TO MAKE THEM OPERABLE BY A PRESIDENTIAL
WAIVER, BASED ON HIS DETERMINATION THAT THE WAIVER
WILL PROMOTE THE GOALS OF THE AMENDMENT (WITHOUT
SPECIFYING A REQUIREMENT FOR SOVIET ASSURANCES) OVER
A THREE-YEAR PERIOD. THIS WOULD PERMIT BRINGING THE
1972 TRADE AGREEMENT INTO EFFECT WITHOUT AMENDMENT,
WHICH THE SOVIETS COULD HARDLY REFUSE, EVEN THOUGH
THEY WOULD BE ANNOYED BY THE REQUIREMENT FOR PRESIDENTIAL
REPORTS ON THEIR EMIGRATION PRACTICES.
MOREOVER, THEY WOULD BE CLEARLY ON NOTICE THAT MFN
COULD BE WITHDRAWN AFTER THREE YEARS IF THEIR PERFORMANCE
REGARDING EMIGRATION DOES NOT IMPROVE.

--HIGH LEVEL ATTENTION HAS ALREADY FOCUSED ON

THE MBFR TALKS, AND WE SHOULD CONTINUE TO PRESSURE THE SOVIETS TO ACCEPT COLLECTIVE PARITY, WHILE WE COORDINATE CLOSELY WITH OUT NATO ALLIES. ABOVE ALL, WE SHOULD RESIST SOVIET ATTEMPTS TO DRIVE A WEDGE BETWEEN OURSELVES AND THE FRG ON FORCE LEVELS.

--ON NON-PROLIFERATION, U.S.-SOVIET INTERESTS ARE NOT SUBSTANTIALLY OPPOSED. THUS, WE SEE POSSIBILITIES FOR ADVANCING OUR INTEREST IN CHANNELING SOVIET BEHAVIOR IN MORE RESPONSIBLE AND CONSTRUCTIVE WAYS IF WE TAKE THE INITIATIVE WITHIN THE IAEA, THE LONDON CLUB AND IN OUR BILATERAL RELATIONS WITH OTHER STATES. THIS AND SEVERAL OTHER QUESTIONS RELATING TO DISARMAMENT AND VERIFICATION WILL BE SUBJECT TO DETAILED DISCUSSION BY THE EIGHT BILATERAL WORKING GROUPS ESTABLISHED AS A RESULT OF SECRETARY VANCE'S VISIT.

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--IN OTHER ARMS CONTROL MATTERS, WE THINK THAT FROM THE POINT OF VIEW OF U.S.-SOVIET INTERESTS AND

COOPERATION, CTB AND CW ARE TWO ISSUES MOST SUSCEPTIBLE TO SOLUTION. THESE ARE ISSUES, MOREOVER, WHERE SOVIET INTERESTS AND OURS COINCIDE SUFFICIENTLY THAT WE CAN HOPE TO, AGAIN, CHANNEL SOVIET ACTIVITY IN A CONSTRUCTIVE MANNER.

--RECENT PUBLIC STATEMENTS BY BOTH THE PRESIDENT AND BY SOVIET LEADERS, TOGETHER WITH THE EXCHANGES DURING THE SECRETARY'S RECENT VISIT, SUGGEST THAT BOTH SIDES ARE INTERESTED IN DISCUSSING SOME KIND OF NAVAL RESTRAINT IN THE INDIAN OCEAN. WHILE IT IS TOO SOON TO SEE ANY BUT THE BROADEST OUTLINES OF

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THIS ISSUE, IT IS AN AREA WHERE BOTH ARMS CONTROL BENEFITS AND BEHAVIORAL ADJUSTMENTS BY THE SOVIETS WOULD BE IN THE U.S. INTEREST. THE WORKING GROUP ON THIS SUBJECT SHOULD PROVIDE A VEHICLE FOR EXPLORING SOVIET WILLINGNESS TO NEGOTIATE IN CONCRETE TERMS.

--WE SHOULD CONTINUE PROMOTION OF SCIENTIFIC, TECHNICAL AND CULTURAL EXCHANGES, AND DEVELOPMENT OF COMMERCIAL RELATIONS, WHICH BRING SPECIFIC BENEFITS AND IN ADDITION MAKE AN IMPORTANT CONTRIBUTION TO INCREASED MUTUAL UNDERSTANDING.

10. WITH RESPECT TO OUR SECOND FUNDAMENTAL INTEREST, THAT OF MAKING SOVIET INTERNATIONAL BEHAVIOR MORE CONSTRUCTIVE, WE OBVIOUSLY CANNOT TRANSFORM THE SOVIET GLOBAL OUTLOOK OR FORCE MAJOR CHANGES IN SOVIET CONDUCT IN THE NEXT TWO YEARS. BUT WITH A PERSISTENT AND CONCERTED EFFORT, WE MAY BE ABLE TO ALTER THE SOVIET WORKING DEFINITION OF "PEACEFUL CO-EXISTENCE" AND "RELAXATION OF INTERNATIONAL TENSION" THROUGH A TWO-PRONGED APPROACH: (A) BY MAKING THE COSTS OF IRRESPONSIBILITY CLEAR TO THE SOVIETS AT EVERY STEP, AND (B) BY OFFERING THEM THE OPPORTUNITY TO PLAY A LARGER CONSTRUCTIVE ROLE IN INTERNATIONAL ISSUES BEYOND THOSE INVOLVING WEAPONS AND SECURITY AND SPECIFICALLY INCLUDING BILATERAL QUESTIONS OF IMPORTANCE. IN ADDITION TO THE ARMS CONTROL STEPS MENTIONED ABOVE WE SUGGEST:

--EXPLORING SOVIET ATTITUDES REGARDING GLOBAL INTERDEPENDENCE, NORTH-SOUTH RELATIONS AND THE THIRD WORLD. AS WE RECENTLY SUGGESTED (MOSCOW 1543), WE SHOULD ENLIST THE ASSISTANCE OF OUR ALLIES AND FRIENDS IN PURSUING THIS OBJECTIVE, AND WE SHOULD STIMULATE THE ACTIVE INVOLVEMENT OF U.S. EMBASSIES AROUND THE WORLD IN OUR POLICY TOWARDS THE USSR ON THIS POINT.

--EMPHASIZING TO THE SOVIETS THE IMPORTANCE FOR

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THE OVERALL TONE OF EAST-WEST RELATIONS OF THE MAJOR EUROPEAN ISSUES ON THE AGENDA AND THE FACT THAT WE AND OTHER WESTERN STATES WILL BE LOOKING FOR THE SOVIETS TO PLAY A CONSTRUCTIVE ROLE IN THESE ISSUES. CHIEF AMONG THESE IS THE CONSTANT TEMPTATION OF THE SOVIET UNION, UNDER PRESSURE FROM THE GDR, TO ISOLATE THE WESTERN SECTORS OF BERLIN AND UNDERMINE ALLIED RIGHTS IN EAST BERLIN. CSCE IS THE SECOND OF THESE EUROPEAN ISSUES IN WHICH THE SOVIETS MUST UNDERSTAND AND RESPOND TO MAJOR WESTERN CONCERNS.

--PRESSURING THE SOVIETS BEFORE, DURING AND AFTER THE JUNE AND OCTOBER BELGRADE MEETINGS FOR COMPLIANCE WITH THE CSCE FINAL ACT ACROSS THE BOARD. RECOGNIZING THAT AT BEST SOVIET COMPLIANCE, ESPECIALLY IN BASKETS II AND III WILL BE MINIMAL, WE SHOULD PRESS FOR BETTER ECONOMIC INFORMATION AND CONTACTS AS WELL AS FOR PROGRESS ON THE FULL RANGE OF HUMANITARIAN ISSUES. THE SOVIETS AND EAST EUROPEANS SHOULD BE PUT ON NOTICE THAT ALL ASPECTS OF HELSINKI ARE LEGITIMATE SUBJECTS OF INTERNATIONAL CONCERN AND THEREFORE LIABLE TO SCRUTINY, PRIVATE AND PUBLIC.

--INVOLVING MOSCOW IN EFFORTS TOWARD A REDUCTION OF REGIONAL TENSION AND TOWARD A PEACEFUL SOLUTION IN THE MIDDLE EAST, BUT IN A WAY WHICH AVOIDS ANY HINT OF A CONDOMINIUM APPROACH. IN THE PROCESS, THE U.S. MUST CONTINUE TO BE VIGILANT AGAINST ATTEMPTS BY MOSCOW TO EXPLOIT THE U.S. RELATIONSHIP WITH ISRAEL TO THE DETRIMENT OF U.S. FREEDOM TO IMPROVE OUR RELATIONSHIP WITH THE ARAB STATES AND, IF POSSIBLE, WITH THE PALESTINIANS.

-- TAKING THE INITIATIVE TO RESUME THE ECONOMIC/ COMMERCIAL DIALOGUE, CALLING AN EARLY MEETING OF THE U.S.-USSR COMMERCIAL COMMISSION, AND, IF THE POLITICAL ATMOSPHERE IMPROVES (E.G. SALT, PERFORMANCE ON HUMAN RIGHTS), WORKING WITH CONGRESS AS MENTIONED EARLIER FOR SUFFICIENT MODIFICATION OF THE JACKSON-VANIK AMENDMENT TO BRING THE 1972

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TRADE AGREEMENT INTO EFFECT.

11. REGARDING OUR THIRD FUNDAMENTAL INTEREST, HUMAN RIGHTS, OUR OBJECTIVE SHOULD BE TO DEVELOP AND EFFECT A STRATEGY WHICH WILL ADVANCE THE CAUSE OF HUMAN RIGHTS IN THE SOVIET UNION WITHOUT PROVOKING UNDESIRABLE SOVIET COUNTERMEASURES OR UNDULY COMPLI-

CATING OTHER FACETS OF OUR MUTUAL RELATIONSHIP. AS
WE SEE IT, THE STRATEGY SHOULD INCLUDE:

-- STRAIGHTFORWARD CONSULTATIONS WITH THE SOVIETS,
IN WHICH WE SET FORTH OUR UNDERSTANDING OF THE
DIFFERENCE BETWEEN EXPRESSIONS OF CONCERN OVER
HUMAN RIGHTS ON THE ONE HAND, AND "INTERFERENCE IN
INTERNAL AFFAIRS" ON THE OTHER;

-- USE OF PRIVATE DIPLOMATIC CHANNELS TO COMMUNI-
CATE CONCERN OVER SPECIFIC CASES, WITH FIRST
PRIORITY GIVEN TO CASES INVOLVING AMERICAN CITIZENS;

-- GREATER UTILIZATION OF THE UNGA AND THE HUMAN
RIGHTS COMMISSION FOR PUBLIC STATEMENTS;

-- ENCOURAGEMENT OF PUBLIC STATEMENTS AS WELL AS
COMMUNICATIONS TO SOVIET COUNTERPARTS BY PRIVATE U.S.
ORGANIZATIONS AND PROMINENT INDIVIDUALS;

-- STATEMENTS BY ADMINISTRATION SPOKESMEN WHEN
SOVIET BEHAVIOR IS PARTICULARLY OUTRAGEOUS, HAS
EVOKED WIDE REACTION AMONG THE AMERICAN PEOPLE, AND,
AS A RULE, ONLY AFTER SUCH BEHAVIOR HAS BEEN
DISCUSSED IN BILATERAL OR MULTILATERAL CHANNELS.
THIS ISSUE INVOLVES DEEP SOVIET CONVICTIONS AND
HAS NOW FULLY ENGAGED SOVIET PRESTIGE. OUR CHALLENGE
IS TO MAKE PRACTICAL GAINS WHILE REMAINING FAITH-
FUL TO OUR OWN DEEP CONVICTIONS.
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ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 SP-02 PER-01 SIG-01 A-01
MMO-01 EB-08 SCA-01 IO-13 INR-07 PM-04 CU-02
AGR-05 AID-05 CIAE-00 COM-02 DODE-00 FEA-01 NSC-05
TRSY-02 USIA-06 /095 W
-----021357Z 034383 /41

R 021045Z APR 77
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TO SECSTATE WASHDC 5812
INFO AMEMBASSY BELGRADE
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDAPEST
USMISSION NATO
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW
AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY PARIS

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12. THE IMPORTANCE OF RECIPORCITY. WE SET FORTH
OUR DETAILED RECOMMENDATIONS FOR APPROACHING,
NEGOTIATING AND IMPLEMENTING AGREEMENTS WITH THE
USSR IN MOSCOW 2215. WE WISH TO UNDERSCORE HERE
OUR CONVICTION THAT EACH BILATERAL UNDERTAKING
WITH THE SOVIETS SHOULD BE DEFENSIBLE ON ITS OWN MERITS
IN TERMS OF U.S. NATIONAL INTERESTS, AND THAT WE
INSIST UPON IMMEDIATE AND STRICT RECIPORCITY IN
IMPLEMENTING ALL AGREEMENTS AND UNDERSTANDINGS.
PAST PRACTICES OF OVERLOOKING "MINOR" SOVIET
INFRACTIONS OF AGREEMENTS, OR UNJUSTIFIED SOVIET
ACTIONS AGAINST U.S. PERSONNEL IN THE USSR, HAVE
SUBJECTED US TO THE CONTINUAL NICKEL-AND-DIMING
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AT WITH THE SOVIETS ARE PAST MASTERS. THE RESULTS
HAVE OFTEN LEFT US AT A DISTINCT DISADVANTAGE,
WHICH IN TURN HAS CONTRIBUTED TO DISENCHANTMENT --
PUBLIC, CONGRESSIONAL AND EXECUTIVE BRANCH --
TOWARD THE PROSPECTS FOR BROADER NORMALIZATION OF
RELATIONS. THE ONLY REMEDY IS FIRM INSISTENCE
UPON EQUITABLE BENEFITS AND IMMEDIATE RECIPROCITY
IN ALL UNDERTAKINGS FROM THE OUTSET, AND AS A
MATTER OF PRINCIPLE.

13. TO SUM UP, OUR ANALYSIS OF BASIC INTERESTS,
ENVIRONMENT AND FUNDAMENTAL OBJECTIVES LEADS US
TO RECOMMEND THE FOLLOWING COURSES OF ACTION FOR
ADVANCING OUR BASIC INTERESTS DURING THE NEXT TWO YEARS:

(A) CONTINUED EMPHASIS ON SALT II, WHICH, ONCE
COMPLETED, IS FOLLOWED BY A SALT III FOCUSING ON
UNRESOLVED MATTERS

(B) STEADY EFFORTS TO MOVE FORWARD WITH MBFR,
NON-PROLIFERATION, CTB AND CW, PLUS REGIONAL ARMS
CONTROL PROJECTS;

(C) CONCERTED EFFORT, IN COOPERATION WITH OUR
ALLIES AND FRIENDS AND UTILIZING OUR WORLDWIDE
DIPLOMATIC RESOURCES, TO MAKE SOVIET FOREIGN POLICY
MORE CONSTRUCTIVE WITH REGARD TO NORTH-SOUTH
AS WELL AS EAST-WEST (PARTICULARLY BERLIN, CSCE)
AND THIRD WORLD PROBLEMS (PRIMARILY IN THE MIDDLE
EAST);

(D) IMPLEMENTATION OF A HUMAN RIGHTS STRATEGY
WHICH FRANKLY CLARIFIES OUR STANCE; UTILIZES DIPLOMATIC
CHANNELS, PRIVATE INDIVIDUALS AND ORGANIZATIONS, PLUS
APPROPRIATE INTERNATIONAL FORUMS; WITH PUBLIC, OFFICIAL
USG STATEMENTS RESERVED FOR THE FINAL RESORT;
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(E) CONDITIONAL UPON BETTER SOVIET PERFORMANCE IN
EMIGRATION AND OTHER POLITICALLY-SENSITIVE FIELDS, A
GOOD FAITH EFFORT TO EXTEND MFN AND USG CREDITS TO THE
USSR ON A NON-DISCRIMINATORY BASIS AND BRING THE 1972
TRADE AGREEMENT INTO EFFECT, AND TO EXPAND ECONOMIC,
COMMERCIAL, SCIENCE AND TECHNOLOGICAL RELATIONS SO LONG
AS EACH AGREEMENT IS DEFENSIBLE IN TERMS OF SPECIFIC
U.S. INTERESTS;

(F) EXPLAIN THE U.S. TO THE SOVIETS, THROUGH
EXCHANGES AND EXHIBITS, THE VOA, AND DIRECT CONTACTS
WITH SOVIET OPINION-MAKERS.

14. PART II FOLLOWS SEPTTEL.
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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
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Secure: OPEN
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Subject: PARM--ANNUAL POLICY AND RESOURCE ASSESSMENT--PART I
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To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/41888bab-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009